

# Competing in a New Patent Era – Major Shifts Begin 9/16/12

Dr. J. Steven Rutt

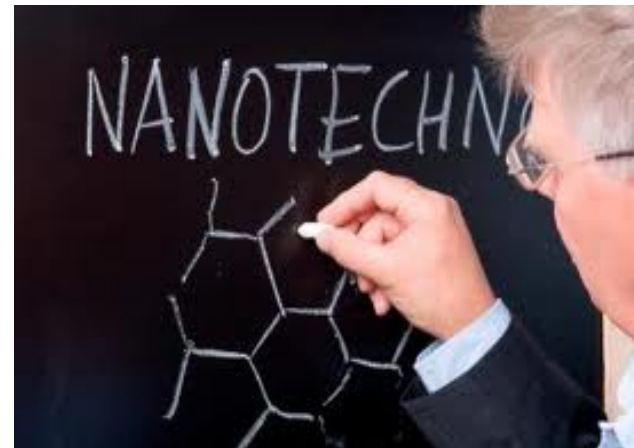


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# Agenda

- Patent Reform Act
  - What you should know
  - Who benefits
  - What you should consider now



# Today's Speakers



**Dr. J. Steven Rutt**

Chair, Nanotechnology  
IT, Foley & Lardner LLP



**David Sossen**

Technology  
Licensing Officer,  
MIT



**Dr. Henning Richter**

Director of Materials  
Synthesis Research,  
Nano-C



**Mick Sawka**

Director of Business  
Development, Harvard  
University Office of  
Technology Dept.



**James De Vellis**

Senior Counsel,  
Electronics Practice,  
Foley & Lardner LLP

# PATENT REFORM

## TOP ~~TEN~~ NINE THINGS TO KNOW

1. The First to File switch
2. Inter Partes Review
3. Pre-Issuance Submissions
4. Accelerated Exam
5. Ex Parte Reexam
6. Micro Entity fees
7. Supplemental Exam
8. Post Grant Review
9. Business Method Review

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# 1. The First to File switch

- March 16, 2013
- Grace period?
  - applies to “disclosures” (1) by the inventor; (2) derived from the inventor, or (3) made after the inventor has already publically disclosed. (Disclosure = Offer for sale?)
  - Declaration to establish the grace period (record keeping)
  - from “effective date” - now includes non-US priority apps

## “§ 102. Conditions for patentability; novelty

“(a) NOVELTY; PRIOR ART.—A person shall be entitled to a patent unless—

“(1) the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention; or

“(2) the claimed invention was described in a patent issued under section 151, or in an application for patent published or deemed published under section 122(b), in which the patent or application, as the case may be, names another inventor and was effectively filed before the effective filing date of the claimed invention.

## “(b) EXCEPTIONS.—

“(1) DISCLOSURES MADE 1 YEAR OR LESS BEFORE THE EFFECTIVE FILING DATE OF THE CLAIMED INVENTION.—A disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention under subsection (a)(1) if—

“(A) the disclosure was made by the inventor or joint inventor or by another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

“(B) the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.

# 1. The First to File switch

- What should you be doing?
- Not relying on the grace period
- Best practice is the same – file quality application before disclosure if possible
- Industry effect:
  - University
  - Startup/ Small Companies
  - Large Companies
- Lab Notebooks?
  - For inventorship? for invention date?





## 2. Inter Partes Review

- Post-Grant validity challenge to an issued patent
  - After termination of other post grant proceeding; or 9 months after grant
  - Can't file if you've filed a DJ action
  - Must file within one year of being sued for patent infringement
  - 102 Novelty or 103 Obviousness only; based on patents or printed pubs
  - Reasonable likelihood of success threshold
  - Estoppel
    - Petitioner estopped from future Dist. Ct., PTO, or ITC actions, raised or could have raised (PTO FAQ#31; 35 USC 315(e))
    - Patent Owner estopped from PTO action re: claims that are not patentably distinct (can still prosecute patentably distinct continuation)
- Before the U.S. Patent Office
- No presumption of validity
- Completed in 12 – 18 months with Board written decision, by statute

## 2. Inter Partes Review

- Who benefits?
  - Big companies, small companies?
  - Patent Owners? Alleged Infringers?
- Inter Partes Review or District Court? (DJ)
  - Patent Owner – impact after filing complaint
  - Third Party Requester – use your art or save it?
- Change to Enforcement and Procurement strategy?
- Cost?



## 3. Pre-Issuance Submissions

- Third party intrusion into pending patent applications of their competitors
  - Can submit patents, apps, or other printed publications of potential relevance to patentability (35USC 122(e))
    - Declarations; Patent Owner statements before a Fed Ct
    - Can address any patentability concerns - 101, 102, 103, 112
- Concise explanation of relevance
  - Claim charts
- Timing
  - Before earlier of: (a) Notice of Allowance; or before later of 6 months after publication or the first office action:
  - Applies to any application with qualified timing as of Sept 16

### 3. Pre-Issuance Submissions

- Early stage companies – hurt or help?
  - A wrench thrown into the gears?
    - Most difficult for a small company?
  - Clear the patent thicket?
    - Helpful to a small company seeking funding?
  - Monitor your competition!
  - Avoid litigation?
  - Trade secret?
  - Willful infringement?
    - Cite your own literature to inoculate your products?
  - 2<sup>nd</sup> best art?
  - Pharmacy – Orange book
  - Cost – cheap!
  - Anonymous



## 4. Accelerated Exam

- Accelerated Exam
  - Prior art search and characterization
- Track 1 (“Request for Prioritized Examination”)
  - Pay to cut in line \$4800
- Patent Prosecution Highway
  - Leverage your foreign applications
  - Use an allowance in Europe to your advantage

## 4. Accelerated Exam

- Neutral in the big/small debate?
- Faster patent = faster funding?
- Consequences to art characterization?
- Open door to inequitable conduct charge?
  - Accelerated exam search misses some art

## 5. Ex Parte Reexam

- Post Grant validity challenge
- Unchanged by the new law
- Third Party relegated to observer status after filing Request
- Novelty and Obviousness only; based on published docs

## 5. Ex Parte Reexam

- Useful?
  - Confidential opinion alternative
  - Disrupt competitors, drain their resources
  - Prior to taking license; or to terminate
  - Anonymous
  - Response to competitor waving around patent
- Cost \$17k; up from \$2k

## 6. Micro Entity Fees

- 75% discount; March 2013
- Must:
  - Qualify as “small entity”
  - Be an inventor on 4 or fewer previously filed apps
  - Gross income less than 3x median household income
  - No assignment, grant, or conveyance (or obligation to do so) to an entity having >3x median household income
  - Could apply to universities



## 6. Micro Entity Fees

- Exceptions swallow the Rule?
- Risk v. Cost savings
- Difficult to administer

## 7. Supplemental Exam

- Remove inequitable conduct cloud
  - Uncited art
  - Introduce another one?
- Patent Owner files; effective Sept. 16
- May include 35 USC 112 issues (clarity)
- Substantial New Question standard
  - Ex Parte Reexam instituted
  - \$21k fee, in stages (\$5k, then \$16k)

## 8. Post Grant Review

- Within 9 months of issuance
  - Analogous to EPO Opposition
- More likely than not that one claim is unpatentable
- Decision within one year
- Challenged patent must be filed after Sept. 16, 2012
  - Years away from widespread implementation
  - \$35K fee

## 9. Business Method Review

- “Transitional”
- Any patent as of Sept. 16, 2012
- Only petitioners sued for infringement may file
- Applies to “covered business method patents”
  - A non “technological invention”
  - Data processing?
  - Financial activities?
  - \$36k fee

# Questions / Comments?



Thank you for joining us today!

Please stop by with additional questions or reach out to us via the contact information noted in our background summaries below.

# Moderator

Dr. J. Steven Rutt, Partner and Chair, Nanotechnology Industry Team, Foley & Lardner LLP, (202) 672-5351, [srutt@foley.com](mailto:srutt@foley.com)

- Practice includes patent counseling, IP licensing and agreements, patent landscaping and clearance opinions, patent prosecution, patent litigation support, trade secrets, and trademarks
- An area of focus is coordinating the delivery of all aspects of IP legal services to emerging companies and representing them in their agreement negotiations
- Technology background is with materials and polymers, including applications in nanotechnology, cleantech, nanobio and nanomedicine, printed electronics, pharmaceuticals, semiconductors, and biotechnology
- Editor and author, *Cleantech Nano Blog*, [www.nanocleantechblog.com](http://www.nanocleantechblog.com)

# Featured Speakers

David Sossen, Technology Licensing Officer at MIT,  
[dsossen@MIT.EDU](mailto:dsossen@MIT.EDU)

- Areas of responsibility include photonics, lasers, advanced materials and aerospace
- Is the Founder and former CEO of TeraDiode, Inc., a venture he launched to commercialize **direct-diode** laser technology invented at M.I.T.'s Lincoln Laboratory
- Previously held senior management positions with Arthur D. Little, yet2.com, and AlliedSignal
- Also served as Chief Operating Officer and Senior Vice President for the United Way of Massachusetts Bay after leaving McKinsey & Company



# Featured Speakers

Henning Richter, Director of Materials Synthesis Research at Nano-C, Inc., [hrichter@nano-c.com](mailto:hrichter@nano-c.com)

- While being in charge of Nano-C's IP portfolio, Henning is also co-inventor of several patents and patent applications for the production, separation and purification of fullerenic materials as well as their use in organic photovoltaics
- Has more than 15 years experience on the synthesis and characterization of carbonaceous nanostructures
- Also serves as a Research Affiliate at the Massachusetts Institute of Technology
- Has been involved in the further development of selective combustion synthesis of fullerenes and single-walled carbon nanotubes (SWCNT), their purification and chemical functionalization to mature industrial processes

# Featured Speakers

Mick Sawka, Director of Business Development in Harvard's Office of Technology Development, [mick\\_sawka@harvard.edu](mailto:mick_sawka@harvard.edu)

- Focused on commercializing multiple technology platforms emanating from the Department of Chemistry and Chemical Biology and the School of Engineering and Applied Sciences
- Key areas of responsibility include nanotechnology, cell/tissue engineering, materials science, catalysis and energy/environment
- Prior to joining Harvard, Mick led global business units and R&D organizations at 3M, Cabot, Microbia, and Qteros with full P&L and IP portfolio responsibilities
- Co-inventor on several patents and patent applications

# Featured Speakers

James C. De Vellis, Senior Counsel, Electronics and Patent Office Trials Practices, Foley & Lardner LLP, (617) 342-4037, [jdevellis@foley.com](mailto:jdevellis@foley.com)

- Practices intellectual property counseling, with a particular focus on patent post-grant practice, including reexamination proceedings, and patent portfolio development
- Strategic patent portfolio development practice includes preparation and worldwide prosecution of patent applications to build effective IP portfolios
- Helps innovators secure both offensive and defensive patent protection, enabling them to operate in their intellectual space on their terms
- Devotes a significant amount of time to post-grant patent prosecution, including reexamination proceedings and product clearance evaluations to advance clients' business objectives by developing sustainable patent portfolios and by acting as a check on competitors' patents that encroach beyond their appropriate boundaries